

## ***EXECUTIVE SUMMARY***

STATE OF INDIANA  
DEPARTMENT OF LOCAL GOVERNMENT FINANCE  
GUIDANCE FOR REVIEW  
SCHOOL BUILDING PROJECT FINANCING  
MAY 2005

The Department of Local Government Finance (the “DLGF”) developed the *Guidance for Review of School Building Project Financing* in response to Governor Mitchell E. Daniels, Jr.’s Executive Order 05-19. The purpose is to facilitate review of proposed school construction projects with focus on the ratio of academic facilities to non-academic facilities in the cost structure of each project.

School building projects shall:

- Facilitate the academic needs of students
- Focus on enhancing academic space versus non-academic space

The school corporation shall:

- Identify the impact of the project on the long-term educational plan of the school corporation
- Include comprehensive information regarding enrollment patterns by grade
- Include long-term enrollment projections
- Include detailed descriptions of the age and condition of existing facilities
- Include any feasibility study associated with the project
- Include the annual financial report of the school corporation
- Include all written material expressing support or opposition to the project
- Disclose project alterations resulting from public comment

The review by the Department of Local Government Finance and the School Property Tax Control Board will ensure cost effective and affordable projects. The Department and the Control Board shall consider:

- The amount of academic space versus non-academic space
- The academic performance of the school corporation
- The progress of the school corporation in meeting academic goals
- The enrollment trends and projections
- The age and condition of existing facilities
- The amount of square footage per student
- The construction cost per square foot
- The amount of financing costs, architect fees, advisor fees, and other “soft costs” of the project
- The debt structure of the project
- The impact of the project on the school corporation tax rate
- The impact of the project in relation to the tax rates for other units within the district

The Department of Local Government Finance shall:

- Issue an annual State of Indiana School Construction Report. The report will set numerical thresholds for evaluating school building projects.

The Department understands school corporations have varying needs. The guidance is broad to allow school boards the opportunity to develop projects that fit the academic needs, financial constraints and wishes of the taxpayers in the school district.